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MAR 29 2011

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OIL AND GAS

## **Prior Exploration Activities** **Putu Unit**

BRPC and the Working Interest Owners of the proposed Putu Unit Area, AVCG, LLC, TG World Energy, Inc., Ramshorn Investments, Inc., Brooks Range Development Corporation (hereinafter referred to individually and/or collectively as "Putu Unit WIO's"), have been prospecting in the area since 2002, acquiring their first leases at the October 2003 State of Alaska Areawide Oil and Gas Lease Sale, and conducting operations on the ground since the summer of 2007. The major activities conducted by the Putu Unit WIO's are:

1. Enter into a Surface Access Agreement with Kuukpik Corporation, dated effective June 1, 2007, only the second such agreement to have been successfully negotiated with Kuukpik Corporation;
2. Drilling the Tofkat No. 1, 1A, and 1B exploration wells from an ice pad during the winter of 2008; and
3. Acquiring over 220 square miles of proprietary 3D seismic data in the greater Putu Unit Area during the winter of 2008; all of the proposed Putu Unit Area is covered by said survey.

Ongoing development drilling is being conducted in recent years to extend production from the Kuparuk Formation southeast from the Colville River Unit Kuparuk Nanuq Participating Area. The results of BRPC's Tofkat #1 well are encouraging and warrant additional drilling. BRPC's relationship with the Kuukpik Corporation offers the State of Alaska and Arctic Slope Regional Corporation the best opportunity to for near term exploration and development in the Putu Unit Area. BRPC is committed to working with Kuukpik Corporation and the residents of the Village of Nuiqsut to find ways to mitigate potential impacts from oil and gas exploration and development within the proposed Putu Unit Area.

The high cost, high risk, and the marginal nature of the potential hydrocarbon accumulation requires numerous prospects being explored and developed as a program which then generate economic synergies and improves the probability of discovering an economic development. The pace of exploration and development is linked to the ability of any operator to accumulate an acreage position which offers sufficient access and control of enough prospects to offer said synergies and improved probability of an economic development. To amass all of the oil and gas leases comprising the proposed Putu Unit Area, BRPC, as operator, successfully completed the following land transactions over the last 7 years. If the proposed Putu Unit Agreement is not approved, then the ownership of the leases within the proposed Putu Unit Area would once again

become fractionated further delaying the exploration and development of potential hydrocarbon accumulations.

- 2003 Acquired 2 lease @ Areawide Sale
- 2004 Acquired 8 leases @ Areawide Sale
- 2005 Acquired 2 leases @ Areawide Sale
- 2006 Acquired 3 leases @ Areawide Sale
- 2007 Acquired 1 surface access agreement from Kuukpik Corporation
- 2007 Acquired 9 Leases from Bachner, et al
- 2009 Acquired 4 lease @ Areawide Sale

To date, the WIO's have spent more than \$25 MM exploring the proposed Putu Unit Area. The information obtained from this effort has led to the identification of many potential hydrocarbon accumulations and additional prospects inside the proposed Putu Unit Area. The WIO's wish to continue their exploratory activities and conduct development activities in the Putu Unit Area subject to the terms and conditions of the proposed Putu Unit Agreement.